

EXHIBIT C



Jeb Bush
Governor
Susan Pareigis
Director

January 16, 2004

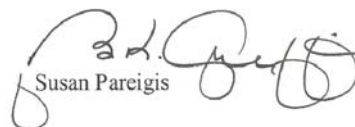
Mr. Robert R. Wallace
Regional Inspector General for Audit
United States Department of Labor – OIG
61 Forsyth Street, S.W., Room 6T20
Atlanta, Georgia 30303-3104

Dear Mr. Wallace:

The Florida Agency for Workforce Innovation's has carefully reviewed your draft audit report on Florida's use of Disaster Unemployment Assistance Grant number 1359-DR. You assigned tracking number 04-04-004-09-315 to this document.

We believe your report findings and recommendations will assist our Agency in improving program performance. After reviewing our response and proposed corrective actions, if you have any questions, please contact our Inspector General, Mr. James F. Mathews, at 850-245-7141.

Sincerely,



Susan Pareigis

SP/iaw

Enclosure

cc: Ms. Barbara Griffin
Mr. Tom Clendenning
Mr. James F. Mathews

Agency for Workforce Innovation
The Caldwell Building • 107 East Madison Street • Tallahassee • Florida 32399
Phone 850-245-7105 • Fax 850-921-3223 • (TTY/TDD 1-800-955-8771 – Voice 1-800-955-8770)
For more information go to www.myflorida.com

**Florida Agency for Workforce Innovation
Response to USDOL OIG Draft Report
On the Audit of Florida Disaster Unemployment Assistance Grant No. 1359-DR
January 16, 2004**

The audit found that the Florida Agency for Workforce Innovation (FAWI) failed to follow Federal guidelines for filing Disaster Unemployment Assistance (DUA) claims, resulting in improperly paid benefits.

FAWI began operations as a new Agency on October 1, 2000, which was only two months prior to the freeze. The new agency was undergoing a massive reorganization at the time this particular disaster declaration was issued. This reorganization and accompanying personnel changes had some negative impacts on the administration of this grant. However, we believe that certain report findings are based on an overly narrow interpretation of the Federal rules. We offer the following specific responses to the individual programmatic issues discussed in the report.

I. Claims Filed Late, Without Good Cause: Title 20, Chapter V, Section 625.8, Code of Federal Regulations, provides in pertinent part "...An initial application filed later than 30 days after the announcement date of the major disaster shall be accepted as timely by the State agency if the **applicant had good cause** for the late filing, but in no event shall an initial application be accepted by the State agency if it is filed after the expiration of the Disaster Assistance period."

The regulation does not define "good cause." The Employment and Training Administration intentionally left it to the states to determine what constitutes good cause based on their knowledge of local labor market conditions. The Unemployment Compensation (UC) program is based on a state/federal partnership, which requires the states to operate the program within the framework of the federal requirements. The objective of the UC program as enacted by the Congress is to provide a substitute for wages lost during a period of unemployment not the fault of the employees. In this partnership, the states are responsible for determining methods of operation and directly administering the program, including taking claims from individuals, determining eligibility and ensuring timely payment of benefits. The audit findings, however, narrowly interpreted the regulation and found that Florida did not have the authority to determine what constitutes "good cause" for late filing.

State staff incorrectly advised a group of potentially eligible workers (fishermen) that they were not covered by the disaster declaration. These workers were indeed covered by the declaration and should have filed claims. The auditor found these individuals were afforded the same notice as all other potential claimants and the state should not have accepted their claims after the 30-day filing period. We disagree. The state did not extend the filing period but made a fair and impartial decision to rectify the situation. These individuals were legitimate victims of the disaster and should not have been denied the opportunity to file a claim due to an improper decision by state staff. It is reasonable to believe these individuals relied upon the incorrect information provided by the state officials, who were perceived as authoritative. Fishermen typically have little or no

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interaction with the UC program because they are self-employed and generally exempt from UC taxes.

Because Florida's fragile winter crops are so vulnerable, the state has had a long history of crop-damaging freezes. It has been our experience that farmers attempt to salvage undamaged crops immediately after the freeze and, if the freeze occurred early in the season, plant new crops. Generally, there is salvage work available immediately following the disaster. Once the undamaged crops are harvested and/or new crops planted, there is no work available. The normal crop harvesting cycle is thus altered. The question then becomes: why are these workers unemployed? Clearly, the workers are unemployed as a direct result of the natural disaster (freezing weather). The audit characterized these circumstances as a "short season." We disagree. Historically, farm workers in Florida are fully employed from mid-November through late May. The rationale for allowing workers to file after the 30-day filing period is that they were engaged in salvage operations. We believe the report's narrow interpretation of the Federal regulations is counter to the intent of the Stafford Act.

Proposed Corrective Action: Although FAWI does not agree with the finding, we will no longer accept working during the filing period as "good cause" for late filing without prior consultation and agreement with the Employment and Training Administration.

II. Claims not Disaster Related: The audit found some claimants were paid for weeks of unemployment that were not the result of the freezing weather. The audit further indicates these weeks of unemployment preceded the freezing weather and that there was no freeze damage in counties located below an imaginary line extending roughly from Spring Hill (Hernando county) east to Port St. John (Brevard county) until December 31, 2000. We disagree. The map shown as Attachment 1 shows counties that sustained crop damage between December 6 - 31, 2000. This information was obtained from the National Oceanic and Atmospheric Administration (NOAA) and is summarized in Attachment 2. Clearly, many counties below that line sustained significant damage according to the NOAA.

The FAWI recognizes some claimants were paid for weeks beyond the traditional season.

Proposed Corrective Action: The FAWI will establish procedures for determining the DUA termination date for each claimant who is a seasonal worker at the time the claim is filed.

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III. Claims Paid Without Sufficient Documentation or Because of Other

Administrative Errors: The FAWI recognizes that errors occurred during this disaster because the agency was undergoing a legislated reorganization. The need for additional training is also recognized.

Proposed Corrective Action: The FAWI will provide additional training and implement tighter quality control to ensure DUA claims are properly documented and claims are paid in accordance with federal guidelines.

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Attachment 1



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Attachment 2

Chronology of Freezing Temperatures in Florida December 2000 - January 2001
Based on the National Oceanic and Atmospheric Administration Climate Database

Date	County
12/6/2000	Citrus Hernando Levy Sumter
12/18/2000	Citrus Hernando Levy Sumter
12/20/2000	Citrus Hardee Hernando Highlands Hillsborough Levy Pasco Polk Sumter
12/21/2000	Charlotte Citrus DeSoto Hardee Hillsborough Levy Manatee Pasco Polk Sarasota Sumter
12/23/2000	Citrus Levy Sumter
12/30/2000	Charlotte Citrus DeSoto Hardee Hernando Highlands Hillsborough Lee Levy Manatee Pasco Pinellas Polk Sarasota Sumter
12/31/2000	Collier

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Dade
Glades
Hendry
Palm Beach
Citrus
Hernando
Levy
Pasco
Sumter
1/1/2001 Collier
Dade
Glades
Hendry
Palm Beach
Charlotte
Citrus
DeSoto
Hardee
Hernando
Highlands
Hillsborough
Lee
Levy
Manatee
Pasco
Polk
Sarasota
Sumter